

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JULY 16, 2003

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Al Picconi, United Beverages, Inc.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Year-to-Date Sales Reports:

The SA1000 report for the week ending July 13, 2003 shows retail sales were up 8.1%, on-premise sales were down around 2%, off-premise sales were up a little over 48%, and total aggregate sales were up 12.8%. The traffic count was up 7,469, as was the average sale by \$.20.

The W-1 Total Weekly Sales report for the same week confirms total sales increased by about 12.8% or \$882,544, while they were up for the year by 12.07% or \$1,675,595. Wine sale also increased by 20% or \$589,169 for the week, as they did for the year by 14.65% or \$859,834. Sales of spirits were also up for the week by 7.5% or \$293,375, as they were for the year by 10.18% or \$815,761.

B. Budget Reports:

Referring to outstanding depletions and post-offs, Craig reported that there was a problem concerning a check payment from one of the brokers which “bounced”. John Bunnell recommended that this broker’s products be included in August offers because printing on sales has already been completed. It was moved by Commissioner Byrne, seconded by Commissioner Russell, that all codes represented by this particular broker be removed from sales programs beginning in September. The motion was unanimously adopted.

It is still too early to get a sense of any trends regarding gift cards. This report will continue to be provided on a weekly basis.

A contract for Thermal Stor services for Store #73 Hampton is on the Governor and Council agenda for today.

Interviews began yesterday for the Human Resources Administrator position. There were over 100 applicants, and the interviewing process will take several weeks to complete.

The W-6 Expense Budget Activity Variance Report for the week ending July 13, 2003 shows the total percentage available to be at about 12%, with actual expenditures to be at around 4%. The Store Operations account is being watched closely, particularly overtime and Class 50 expenditures. Of the one-quarter funds appropriated, 14% has already been spent. This will be closely monitored over the next six pay periods. George expects expenditures will slow down in a couple of weeks.

A letter is being composed for Commission signature to be sent over to the Governor's office regarding contractual payments.

The proposed American Express contract has been sent over to Administrative Services. Since they will offer the same interest rate to all agencies, this could be put together as a state contract to hasten the approval process.

Production of reconciliations and financials are being focused on at this time by Accounting Personnel.

2. IT Reports

IT personnel continue to work on the credit card problem which occurred on July 3rd to have money credited back to the customers involved.

There will be a web site meeting for Marketing and Enforcement personnel this coming Friday.

More interviews will be conducted this week for the Assistant Director of Information Technology. Howard mentioned he may need Chairman Maiola's assistance to convince the head CIO of IT to allow this position to be filled.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending July 13, 2003 were up 6.62% or \$368,946.13. There was nothing of significance to report regarding this.

There will be a Supervisors' Meeting today at Law Warehouse beginning at 11:00 a.m.

A problem occurred at Store #11 Lebanon on ? in that it failed to open to the public on time. This incident is still under investigation.

This week was the first for Merchandising Mania judging. Ten stores in the North Country were viewed this past Monday; Peter reported they looked excellent.

Peter stated that he would like to have a meeting with parties involved regarding the proposed employee training program.

Regarding physical store issues, Peter said that Store #38 Portsmouth, which has been under major renovation, is scheduled to switchover to full capacity next Monday. Chairman Maiola received a letter from the landlord of Store #31 Manchester asking the Commission to consider relocating to another area. However, the proposed area is not satisfactory, and signage cannot be seen from the parking lot. The Commission agreed that it would be alright to close this store if a suitable location was not available. The landlord for the Pelham location has offered a five-year lease with a five-year option to renew.

- a. It was moved by Commissioner Byrne, seconded by Commissioner Russell, that Store #29 Whitefield be open on Wednesdays from 12:00 p.m. to 5:30 p.m. through Labor Day, Monday, September 1, 2003, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted. Commissioner Byrne suggested considering keeping most stores open until 8:00 p.m. during the summer season. Peter will look into this further.

2. Purchasing Report

There is an out-of-stock situation on Three Olives, 1.75L size, which is being supported by the Jacquar promotion. White Rock Distilleries reported that the glass for the container for this product would be out until mid-August. Follow-up will continue on this situation.

3. Merchandising Report

- A. SPIRITS:

- 1) Fourth of July Sale:

A review of the results of the Fourth of July Sales, which took place from Thursday, June 26 through Sunday, July 6, 2003, shows a moderate success.

- 2) Test Market Products:

- a. Test Market Request (Papagayo Organic Spiced Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Perfecta Wine Company/Thames Distillers for a new test market listing for Papagayo Organic Spiced Rum, 750ML size (assigned four-digit Code #4552), as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

b. Test Market Request (Cambus Ouzo, Vrissa Tsipouro):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Perfecta Wine Company/Hellas Import, Ltd. for new test market listings for Cambus Ouzo, 750ML size (assigned four-digit Code #8618) and Vrissa Tsipouro, 750ML size (assigned four-digit Code #5159), as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

c. Test Market Request (Panama Jack Island Spiced Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Heartland Wine and Spirits Group for a new test market listing for Panama Jack Island Spiced Rum, 750ML size (assigned four-digit Code #4271), as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

d. Test Market Request (Canadian Club Classic 12-Year Old):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits USA for a new test market listing for Canadian Club Classic 12-Year Old, 750ML size (assigned four-digit Code #2161), as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

e. Test Market Request (Blue Wave Raspberry Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Barton Brands LTD for a new test market listing for Blue Wave Raspberry Vodka, 750ML size (assigned four-digit Code #3647), as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

f. Test Market Request (El Tesoro Platinum Tequila):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Future Brands for a new test market listing for El Tesoro Platinum Tequila, 750ML size (assigned three-digit Code #921), as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

3) One Time Buy Request (1800 Milenio Tequila):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Skyy Spirits of a one-time buy on Code #930, 1800 Milenio Tequila, 750ML size, to be distributed to the top 10 stores by sales volume, as recommended by Richard Gerrish, Spirits Marketing Specialist.

4) September Special Offers:

a. 7 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission table special offers from M.S. Walker, Inc., based upon depletions of seven (7) spirit items, to be featured during September 2003, pending further investigation. The motion was unanimously adopted.

b. 3 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of three (3) spirit items, to be featured on sale during September 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

c. 28 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of twenty-eight (28) spirit items, to be featured on sale during September 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

d. 2 items – Libiamo SRL:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Libiamo SRL, based upon depletions of two (2) spirit items, to be featured on sale during September 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

e. 23 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of twenty-three (23) spirit items, to be featured on

sale during September 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

- f. 77 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of seventy-seven (77) spirit items, to be featured on sale during September 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

- g. 3 additional items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve additional special offers from United Beverages, Inc., based upon depletions of three (3) spirit items, without matching state funds, to be featured on sale during September 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

B. WINES:

1) Special Offers for September 2003:

- a. 1 item – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Perfecta Wine Company, based upon depletions of one (1) wine item, to be featured on sale during September 2003, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

- b. 1 item – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from R.P. Imports, based upon depletions of one (1) wine item, to be featured on sale during September 2003, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

- c. 21 items – Pine State Trading Company/E & J Gallo:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Pine State Trading Company/E & J Gallo Winery, based upon depletions of twenty-one (21) wine items, to be featured on sale during September 2003, as recommended by

Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

- d. 16 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission table special offers from M.S. Walker, Inc., based upon depletions of sixteen (16) wine items, to be featured on sale during September 2003, pending further investigation. The motion was unanimously adopted.

- e. 31 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of thirty-one (31) wine items, to be featured on sale during September 2003, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

- f. 75 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of seventy-five (75) wine items, to be featured on sale during September 2003, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

- g. 53 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of fifty-three (53) wine items, to be featured on sale during September 2003, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

- 2) Harley Sweepstakes Kick-Off Event:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a proposal from Martignetti Companies of N.H./Southcorp to hold a Harley Sweepstakes Kick-Off Event at Store #66, Hooksett North on Friday, July 18, 2003 from 4:00 p.m. to 7:00 p.m., as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

- 3) Blackstone & Covey Run Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a proposal from United Beverages, Inc./Connoisseur Wine

Company to conduct a sweepstakes promotion featuring three (3) Blackstone and three (3) Covey Run wine codes during August and September 2003, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

4) Recommended Wine Specialty Products (6 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve six (6) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

5) Recommended Restricted Wines for Distribution to On-Premise Licensees:

a. 18 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve eighteen (18) restricted wines for distribution to on-premise licensees, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

b. 23 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty-three (23) restricted wines for distribution to on-premise licensees, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

6) Primary Source Submissions (1 item – primary source; 5 items – exclusive agent; 7 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine code which is from primary source, five (5) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and seven (7) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve previously reviewed requests for bailment releases/transfers dated July 10 through July 16, 2003. The motion was unanimously adopted.

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2. Coupon Approvals: None.
3. Late Items: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford